REPORT TO THE BOARD OF TRUSTEES

BoT Report - I-01

Subject: The RBRVS and the RUC - Ten Years Later

Presented by: Timothy T. Flaherty, MD, Chair

The American Medical Association (AMA) has long-standing policy in support of the AMA/Specialty Society RVS Update Committee (RUC) and its efforts in refining Medicare's Resource-Based Relative Value Scale (RBRVS) (Policy H-400.956, H-400.959, H-400.969, AMA Policy Compendium). The AMA House of Delegates has received periodic reports regarding the RUC's activities since its inception in 1991. January 1, 2002 will mark the ten-year anniversary of the implementation of the Medicare RBRVS. The RUC has accomplished much in the past ten years, including improvements to both the physician work and practice expense components of this payment system.

The AMA Board of Trustees wishes to recognize and commend those individuals who serve, or have served on the RUC. These physicians have represented organized medicine well in the countless number of days spent preparing, attending, and participating in meetings to ensure a fair review of material presented by specialty societies. A listing of these volunteers is appended to this report.

This report provides an update on the RUC's most recent activities in improving the relativity of the physician work relative values during the most recent Five-Year Review of the RBRVS. In addition, an update on the efforts of the RUC's Practice Expense Advisory Committee (PEAC) in refining the direct practice expense data utilized in the development of the practice expense relative values is included in the report. While the RUC works to improve these relative values, an increasing number of private payors rely on the Medicare RBRVS for physician payment. This report will summarize the results of a recent "Non-Medicare Use of the RBRVS" survey, in which nearly 75% of those responding indicate that the RBRVS is utilized in at least one product line.

Physician Work Relative Values

The physician work relative values are relative weights assigned to each physician service and are measured based on the time it takes to perform the service; the technical skill and physical effort; the required mental effort and judgment; and the stress due to the potential risk to the patient. On average, the physician work component comprises 55% of the total payment for services included in the Medicare RBRVS payment system. The RUC has participated in ensuring that this component of the system is accurate in its annual update process for new and revised CPT codes and in periodic five-year refinements of the RBRVS. To date, the RUC has reviewed specialty society data and presented recommendations to the Centers for Medicare and Medicaid Services (CMS) (formerly the Health Care Financing Administration (HCFA)) on nearly 4,400 physician services. Table 1 (appended to this report) illustrates the RUC's significant influence, as fewer than 300 current CPT codes are currently valued below the level originally recommended by the committee.

Each Five-Year Review presents an unprecedented opportunity to improve the accuracy of the physician work component of the RBRVS. At the 1996 Annual Meeting, the AMA House of Delegates adopted Board of Trustees Report 10, which summarized the RUC activities in the first, Five-Year Review of the RBRVS. The RUC reviewed more than 1,100 individual services in 1995 and recommended increases to nearly 300 services, including evaluation and management, and gynecology services. The improvements resulting from this review were implemented on January 1, 1997.

In March 2000, the CMS again asked the RUC to review the comments obtained from the CMS public solicitation in November 1999. The RUC established a process, including the utilization of specialty collected survey data and workgroups to initially review the data, similar to the one utilized in the first, Five-Year Review. This endeavor was led by James G. Hoehn, MD of Albany, New York who has chaired the RUC since 1997. The RUC completed its review of the physician work for 870 individual physician services in October 2000. The RUC recommended increases to many surgical services, primarily to address vascular and general surgery procedures that have been historically undervalued. The recommendations may be summarized as follows:

- For 469 codes, the RUC recommended that the work relative values be increased.

- For 311 codes, the RUC recommended that the current relative value be maintained.

- For 27 codes, the RUC recommended that the relative value be decreased.

- The RUC referred 63 codes to the CPT Editorial Panel to consider coding changes prior to consideration of the work relative value.

On November 1, 2001, the CMS announced that it would implement 98% of the RUC's recommendations from this second opportunity to review the physician work component for all services included on the RBRVS. The continued high acceptance rate of the RUC's recommendations is reflective of the respect that the CMS holds for this multi-specialty process.

Practice Expense Relative Values

At the 1999 Annual Meeting, the House of Delegates adopted Board of Trustees Report 5, which summarized the process that the RUC had established to submit recommendations to CMS to refine and update the direct practice expense data utilized in developing resource-based practice expense relative values.

While the RUC has incorporated the review of direct practice expense inputs (ie, clinical staff, medical supplies, and medical equipment) for new and revised CPT codes into its annual update process, the arduous process of refining the data for nearly 7,000 existing CPT codes required the formation of an advisory committee to the RUC.

In 1999, the RUC created a Practice Expense Advisory Committee (PEAC) to review the direct practice expense inputs for individual CPT codes. The PEAC includes 30 representatives and essentially mirrors the RUC, with additional seats for the American Academy of Physician Assistants and the American Nurses Association. William B. Moran, Jr., MD an otolaryngologist from Edmond, Oklahoma is the current Chair of the PEAC and has been credited with leading the PEAC through two years of significant progress in refining the direct practice expense data.

1 Like the RUC, the PEAC relies on specialty societies to collect information on their services and
2 develop recommendations to the committee. The PEAC has created many uniform packages and
3 has standardized many of the disparate “rules and guidelines” that were criticized during the
4 Clinical Practice Expert Panel (CPEP) process convened by the CMS. In the past two years, the
5 PEAC has reviewed nearly 2,000 CPT codes, including refinements to large numbers of
6 orthopaedic, dermatology, pathology, physical medicine, and ophthalmology services. The PEAC
7 has submitted, and CMS has implemented, important multi-specialty agreement on revisions to the
8 practice expense data for Evaluation and Management Services.
9
10 The PEAC has also recommended standardized practice expense inputs for many major surgical
11 procedures. These recommendations are currently under review by the surgical specialty societies
12 and will be implemented on January 1, 2003, only after these specialties have the opportunity to
13 bring forward any outliers for consideration by the committee. In the Final Rule on the 2002
14 Medicare Physician Payment Schedule, published by CMS in the November 1, 2001 *Federal*
15 *Register*, CMS indicates that they are willing to keep the practice expense relative values interim
16 and open to comment as long as the refinement process is necessary. The RUC has, therefore,
17 authorized the PEAC to continue its work though spring 2003.
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19 Non-Medicare Use of the RBRVS
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21 At the 1999 Annual Meeting, the House of Delegates approved Council of Medical Service Report
22 12, which included a recommendation that the AMA continue to identify the extent to which third-
23 party payors and other public programs utilize the Medicare RBRVS and its payment policies. The
24 AMA is currently completing a survey of non-Medicare use of the RBRVS. To date, nearly 250
25 Medicaid, Blue Cross and Blue Shield plans, managed care organizations (MCOs), and other
26 private health plans have responded, indicating that nearly three-quarters of all respondents rely on
27 the Medicare RBRVS in at least one product line. Preliminary survey results are summarized in
28 Table 2 appended to this report and indicate an increased dependence on the Medicare RBRVS as a
29 payment system across all payor types.
30
31 Council of Medical Service Report 12 recommended that the AMA continue to encourage payors
32 to use the most current CPT codes, modifiers, and relative values to ensure an accurate
33 implementation of the RBRVS. More than 90% of those payors that have fully implemented the
34 RBRVS indicate that they do update their payment schedule on an annual basis.
35
36 In addition to annual updates, payors that utilize the Medicare RBRVS should also utilize the
37 standard Medicare global periods and recognize the CPT modifiers that are linked to the RBRVS.
38 More than 75% of the respondents that use the RBRVS indicated that they do recognize the
39 Medical global periods, multiple procedure reduction, and several CPT modifiers (including –25,
40 *Significant, separately billable E&M service by the same physician on the same day of the*
41 *procedure*; -26 *Professional component*; and –51 *Multiple procedures*). However, certain
42 modifiers appear to be less recognized by payors (including –22 *Unusual procedure service*; -57
43 *Decision for surgery*; and –59 *Distinct procedural service*). The AMA’s Private Sector Advocacy,
44 CPT, and Physician Payment departments are currently working with specialty societies on the
45 identification of issues and solutions related to the appropriate use of CPT modifiers. The final
46 summary results of this non-Medicare use of the RBRVS survey will be utilized in these efforts.

1 Conclusion
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3 The Medicare RBRVS continues to grow in importance to practicing physicians through the
4 increased use of this payment system by private and public payors. After ten years of significant
5 volunteer work, the AMA appreciates the continued success of the AMA/Specialty Society RVS
6 Update Committee (RUC). The AMA is delighted that the physician work relative values are now
7 largely based on the input from organized medicine and encouraged that the examination of the
8 direct practice expense data will continue until this data are also refined. The Board of Trustees
9 will continue to provide updates on the RUC's activities to the House of Delegates.

TABLE 1: HISTORY OF RUC RECOMMENDATIONS

Year	Number of Recommendations Submitted (by CPT Code)	Percent of Work Relative Values at or Above the RUC Recommendations (After Completion of Refinement Processes)
CPT 1993	253	79%
CPT 1994	561	89%
CPT 1995	339	90%
CPT 1996	196	90%
CPT 1997	90	96%
CPT 1998	208	96%
CPT 1999	70	93%
CPT 2000	130	88%
CPT 2001	224	95%
CPT 2002	314	95%
First, Five-Year Review (1997)	1,118	96%
Second, Five-Year Review (2002)	858	98%

TABLE 2: NON-MEDICARE USE OF THE RBRVS

Payor Type	1998 Percent Using RBRVS	2001 Percent Using RBRVS*
Medicaid	55%	64%
Blue Cross and Blue Shield	87%	78%
Managed Care Plan	69%	78%
Other Payor	44%	73%
All Respondents	63%	74%

**Preliminary Results*

AMA/SPECIALTY SOCIETY RVS UPDATE COMMITTEE

Name	Years	Organization
Robert K. Anzinger, MD	(1991 – 1993)	American College of Emergency Physicians
Robert Berenson, MD	(1992 – 1994)	American College of Physicians
David I. Berland, MD	(1997 – 1999)	American Academy of Child and Adolescent Psychiatry
James Blankenship, MD	(2000 –)	American College of Cardiology
James P. Borgstede, MD	(2001 –)	American College of Radiology
Joel Bradley, Jr., MD	(2000 – 2001)	American Academy of Pediatrics
Melvin C. Britton, MD	(1997 – 1999; 2001 –)	American College of Rheumatology
Neil H. Brooks, MD	(2001 –)	American Academy of Family Physicians
John Derr, Jr., MD	(2001 –)	American Society of Plastic Surgeons
Lee D. Eisenberg, MD	(1999 –)	AMA CPT Editorial Panel
James Fanale, MD	(1995 – 1996)	American Geriatrics Society
Robert Florin, MD	(1994 – 2001)	American Association of Neurological Surgeons
John O. Gage, MD	(1991 –)	American College of Surgeons
Timothy J. Gardner, MD	(1993 – 1996)	Society of Thoracic Surgeons
William F. Gee, MD	(1995 –)	American Urological Association
Meghan Gerety, MD	(2001 –)	American Geriatrics Society
Tracy R. Gordy, MD	(1991 – 1999)	AMA CPT Editorial Panel
Michael Graham, MD	(1991 – 1994)	American Academy of Orthopaedic Surgeons
Kay K. Hanley, MD**	(1993 – 2000)	American Medical Association
Alexander Hannenberg, MD	(1997 –)	American Society of Anesthesiologists
W. Benson Harer, MD	(1992 – 2000)	American College of Obstetrics and Gynecologists
James E. Hayes, MD	(1993 –)	American College of Emergency Physicians
Richard J. Haynes, MD	(1997 – 2001)	American Academy of Orthopaedic Surgeons
Emily Hill, PA-C	(1994 – 1999)	Health Care Professionals Advisory Committee (HCPAC)
David F. Hitzeman, DO	(1996 –)	American Osteopathic Association
James G. Hoehn, MD*	(1991 –)	American Society of Plastic and Reconstructive Surgeons/Chairman
Eugene Jacobson, MD	(1993)	American College of Gastroenterology American Gastroenterology Association American Society for Gastrointestinal Endoscopy
Allan Jensen, MD	(1991 – 1993)	American Academy of Ophthalmology
Dudley Jones, MD	(1996 – 1997)	College of American Pathologists
Charles F. Koopmann, Jr., MD	(1996 –)	American Academy of Otolaryngology – Head and Neck Surgery
George F. Kwass, MD	(1991 – 1995)	College of American Pathologists
Barbara Levy, MD	(2000 –)	American College of Obstetrics and Gynecologists
Donald T. Lewers, MD**	(1991 – 1993)	American Medical Association
J. Leonard Lichtenfeld, MD	(1994 –)	American College of Physicians – American Society of Internal Medicine
David Massanari, MD	(1999 – 2001)	American Academy of Family Physicians
Michael D. Maves, MD	(1991 – 1996)	American Academy of Otolaryngology – Head and Neck Surgery
John E. Mayer, Jr., MD	(1997 –)	Society of Thoracic Surgeons
David L. McCaffree, MD	(1991 –)	American Academy of Dermatology
Kenneth A. McKusick, MD	(1992 – 1994)	American College of Nuclear Physicians/The Society of Nuclear Medicine
George Miller, MD	(1991 – 1992)	Society of Thoracic Surgeons
Clay Molstad, MD	(1997 – 1999)	American College of Physicians – American Society of Internal Medicine
James Moorefield, MD	(1991 – 2001)	American College of Radiology
Bill Moran, Jr., MD	(2000 –)	Practice Expense Advisory Committee (PEAC)
Alan Morris, MD	(1995 – 1997)	American Academy of Orthopaedic Surgeons
L. Charles Novak, MD	(1991 – 1996)	American Society of Anesthesiologists

Eugene Ogrod, II, MD	(1991 – 1994; 1999 – 2000)	American Society of Internal Medicine Practice Expense Advisory Committee (PEAC)
Bergen Overholt, MD	(1991 – 1993)	American College of Gastroenterology American Gastroenterology Association American Society for Gastrointestinal Endoscopy
Byron Pevehouse, MD	(1992 – 1994)	American Association of Neurological Surgeons
Bernard Pfeifer, MD	(2001 –)	American Academy of Orthopaedic Surgeons
Alan L. Plummer, MD	(1999 – 2001)	American Thoracic Society/American College of Chest Physicians
Neil Powe, MD	(1994 – 1997)	American College of Physicians
Gregory Przybylski, MD	(2001 –)	American Association of Neurological Surgeons
David Regan, MD	(1999 – 2001)	American Society of Clinical Oncology
William Rich, MD	(1993 –)	American Academy of Ophthalmology
Grant V. Rodkey, MD*	(1991 – 1997)	RUC Chairman
Chester W. Schmidt, Jr., MD	(1991 –)	American Psychiatric Association
Paul Schnur, MD	(1997 – 2001)	American Society of Plastic Surgeons
Howard A. Shapiro, MD	(1994)	American College of Gastroenterology American Gastroenterology Association American Society for Gastrointestinal Endoscopy
Bruce Sigsbee, MD	(1996 –)	American Academy of Neurology
Gregory Slachta, MD	(1991 – 1995)	American Urological Association
Ray E. Stowers, DO	(1992 – 1996)	American Osteopathic Association
Sheldon B. Taubman, MD	(1998 –)	College of American Pathologists
Richard H. Tuck, MD	(1991 – 1996)	American Academy of Pediatrics
John Tudor, Jr., MD	(1991 – 1998)	American Academy of Family Physicians
Charles Vanchiere, MD	(1996 – 1999)	American Academy of Pediatrics
Paul E. Wallner, DO	(2001 –)	American Society for Therapeutic Radiology and Oncology
Eugene Weiner, MD	(1995 – 1996)	American Pediatric Surgical Association
Richard W. Whitten, MD**	(2000 –)	American Medical Association
Don E. Williamson, OD	(1999 –)	Health Care Professionals Advisory Committee (HCPAC)
William L. Winters, MD	(1991 – 2000)	American College of Cardiology
Robert M. Zwolak, MD	(1999 – 2001)	American Association for Vascular Surgery The Society for Vascular Surgery

*Chairman
**Vice-Chairperson